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# REPORT OF THE SECRETARY-GENERAL ON HIS MISSION OF GOOD OFFICES IN CYPRUS

## I. INTRODUCTION

1. The present report is provided pursuant to Security Council resolution 889 (1993) of 15 December 1993. In paragraph 10 of that resolution, the Council welcomed my decision to resume intensive contacts with both sides and with others concerned and to concentrate at that stage on achieving an agreement on the package of confidence-building measures, intended to facilitate the political process towards an overall settlement. In paragraph 12 of the same resolution, the Council requested me to submit a report by the end of February 1994 on the outcome of my efforts to achieve an agreement on the package of confidence-building measures.

2. In my most recent report to the Security Council, on 22 November 1993 (S/26777), I informed the Council of the efforts that I had made, following the unsuccessful joint high-level meeting of the leaders of the two communities in late May at United Nations Headquarters (see S/26026), to achieve an agreement on a number of confidence-building measures, in particular the reopening of the fenced area of Varosha and of Nicosia International Airport under United Nations administration (see S/26777, paras. 45-49).

## II. DEVELOPMENTS SINCE MY LAST REPORT

3. On 17 December 1993, I wrote in identical terms to the leaders of the two communities, to the Prime Ministers of Greece and Turkey and to the President of the Security Council. I transmitted for their information the reports of the two teams of experts that I had sent in October and November 1993 to Cyprus, with the assistance of the United Nations Development Programme and the International Civil Aviation Organization (ICAO), to assess the economic benefits to the two communities of the reopening of the fenced area of Varosha and of Nicosia International Airport and to identify the technical requirements for reopening Nicosia International Airport. I reiterated my hope for an early agreement and stressed that it should be possible for the leaders of both communities to accept in principle the package of confidence-building measures

as set out in paragraphs 37, 38, 42 and 43 of my report of 1 July 1993 (S/26026), on the understanding that its provisions would be fully implemented (for the text of the letter, see annex I to the present report).

4. In Cyprus, Mr. Gustave Feissel, my Deputy Special Representative, sought from the two leaders an agreement in principle on the package so that Mr. Joe Clark, my Special Representative, could focus on implementation of the package during a visit to the island in late January 1994. On 20 January, Mr. Denktaş, the leader of the Turkish Cypriot community, informed me that he was ready to cooperate with me with a view to reaching an agreement on the package of confidence-building measures that his side accepted in principle in the light of a number of understandings stated in his letter.

5. During Mr. Clark's visit to Cyprus from 22 to 26 January 1994, he had extensive discussions with the leaders of the two communities. President Clerides, the leader of the Greek Cypriot community, had reaffirmed his acceptance in principle of the package of confidence-building measures on Varosha and Nicosia International Airport as set out in my letter of 17 December 1993 and his readiness to discuss the modalities for implementing that package once the leader of the Turkish Cypriot community had also accepted it. In his discussions with Mr. Denktaş, Mr. Clark underlined the importance of ensuring that the acceptance in principle by the Turkish Cypriot side was fully in line with my letter of 17 December 1993.

6. From Cyprus, Mr. Clark, accompanied by Mr. Feissel, proceeded to Greece, where on 26 January he met Foreign Minister Papoulias and then to Turkey, where on 28 January he met Foreign Minister Cetin and other senior officials. In these meetings, Mr. Clark underlined the importance of proceeding unequivocally and without further delay so that a formal agreement might be reached quickly on the package of confidence-building measures. Foreign Minister Papoulias conveyed his Government's broad support for my efforts. Foreign Minister Cetin affirmed Turkey's acceptance in principle of the package of confidence-building measures in line with my letter of 17 December 1993.

7. On 27 January, Mr. Clerides sent me a letter in which he reaffirmed his acceptance of the package of confidence-building measures and set out his assessment of the situation taking into account Mr. Denktaş's letter of 20 January. On 28 January, in a further letter, Mr. Denktaş confirmed that the Turkish Cypriot side accepted in principle the package of confidence-building measures as set out in paragraphs 37, 38, 42 and 43 of my report of 1 July 1993 (S/26026) and that he was ready to discuss the modalities for the implementation of that package.

8. Upon his return to Cyprus, Mr. Feissel met with both leaders on 1 February to review the situation in the light of the above-mentioned correspondence. Both leaders confirmed their acceptance in principle of the package and their readiness to work out the modalities for its implementation.

9. On 3 February 1994 I wrote in identical terms to the two leaders. I noted that both sides had accepted in principle the Varosha and Nicosia International Airport package as set out in paragraphs 37, 38, 42 and 43 of my report of 1 July 1993 (S/26026) and had indicated their readiness to work out the

modalities for its implementation. I underlined that, in order to achieve the intended effect of confidence-building, it was important that the modalities for implementing the package should be worked out within two months at the most.

10. In my letter of 3 February, I also called on both leaders to abide by the following considerations when working out the modalities for implementing the package: "(a) given the purpose of confidence-building measures, neither side should seek any political advantage or require the other side to make political concessions; (b) the content of the package set out in the above-mentioned paragraphs of my 1 July 1993 report should be faithfully adhered to; (c) when there is formal agreement by both sides on the implementation of the package, it will be fully and promptly implemented and no impediments will be placed in its way by either side; and (d) the purpose of the package of confidence-building measures is to facilitate speedy progress on an overall settlement of the Cyprus problem and the package is not a substitute for that objective".

11. I asked both leaders to pursue intensive discussions in Nicosia with my representatives, beginning in mid-February, in order to work out agreement on a limited number of key issues related to the Varosha and Nicosia International Airport package. I also asked them to agree that more detailed matters related to the implementation of the package be left to the United Nations to work out, in consultation with the two sides, in the exercise of its function of administrator provided for in the package.

12. I also informed both leaders that Mr. Clark would come to Cyprus for the initial phase of the discussions and that they would then continue with Mr. Feissel. I informed the two leaders that I had requested Mr. Feissel to meet with them immediately in order to identify the key issues that would make up the agenda of the discussions.

13. On 15 February 1994, the two leaders agreed to a text setting out the arrangements for working out the modalities for implementing the package of confidence-building measures (see annex II). The two leaders committed themselves to enter into intensive discussions with my representatives in Nicosia in order to reach a common understanding on 6 key issues related to the Varosha and Nicosia International Airport package as well as on arrangements for the implementation of the 12 other confidence-building measures set out in annex I to my report of 1 July 1993 (S/26026).

14. The two leaders further agreed that, after having heard the views of the two sides on these issues, my representatives would prepare a note on each issue as a basis for discussion with the two leaders. They also agreed that other matters related to the implementation of the Varosha and Nicosia International Airport package would be worked out by the United Nations, in the exercise of the function of administrator provided for in the package, with the advice and assistance of the two sides. Finally the two leaders agreed that they would faithfully respect the considerations set out in paragraph 10 above.

15. The proximity talks were launched on 17 February 1994 by Mr. Clark, who had returned to Cyprus for this purpose. Mr. Clark had two extensive meetings with each leader, during which each of the seven issues that make up the agenda of the proximity talks was discussed and specific matters on which agreement was

being sought were identified. Since the departure of Mr. Clark from Cyprus on 20 February, two further meetings have been held with each leader by Mr. Feissel, during which matters related to the seven issues were explored further. Intensive meetings with both leaders continued during the first week of March.

16. By the end of the meetings on Friday, 25 February, my representatives concluded that the discussions with each side had clarified their respective positions to the point where it should be possible for my representatives, in line with the agreement reached on 15 February, to put forward ideas on each of the seven issues with a view to helping the two leaders to reach a formal agreement on the package quickly. Discussion of these ideas will begin with both leaders during the coming days.

## III. THE AGENDA OF THE PROXIMITY TALKS

17. In line with the arrangements accepted on 15 February, the two leaders had agreed to reach a common understanding on the implementation of seven key issues and to leave it to the United Nations to work out other matters of detail related to the package, with the advice and assistance of the two sides.

18. On the first key issue, that of the United Nations administration of the fenced area of Varosha and of Nicosia International Airport, it was strongly suggested by my representatives that the discussions with the two leaders should focus on fundamental aspects and that the leaders should not become embroiled in every detail.

19. Regarding the United Nations administration of the fenced area of Varosha and of Nicosia International Airport, it is essential to bear in mind that the package accepted in principle by both leaders clearly states that it is the United Nations (in the case of Nicosia International Airport, in cooperation with ICAO), and neither of the two sides, nor both, that will administer the two areas.

20. An Administrator will have to be appointed in each area and clearly he or she will have to be acceptable to both sides. The precise manner in which the powers and functions of the Administrator are to be conferred on him or her will also need to be agreed. In this connection, it is clear that agreement would not be possible on the basis of delegation of powers or functions to the Administrator by existing structures on the island. The answer to this question may need to flow from an agreement that would be reached by the leaders of the two communities in their representative capacities and endorsed by the Security Council.

21. The package already provides, in respect of the fenced area of Varosha, that the Administrator could, in the execution of his functions, enlist the advice and assistance of both communities. The broad mechanisms for this process would need to be clear in advance. The Chambers of Commerce and Industry would assist the Administrator in developing and implementing intercommunal trade for the benefit of both communities. Other organizations of

the two communities, selected by the Administrator, would assist him in developing and implementing intercommunal contact.

22. The package provides that the laws to be applied in the fenced area of Varosha will be those that were in force in Cyprus on 1 December 1963. It would be necessary to agree on a mechanism by which the United Nations Administrator might be able to supplement that body of law where it proves to be inadequate or outdated.

23. The package also provides that legal cases involving persons from both communities would be heard jointly by a Greek Cypriot and a Turkish Cypriot magistrate designated by their respective communities. Bearing this in mind, mechanisms will need to be agreed by which the United Nations Administrator would make judicial appointments and agreed arrangements will have to govern the functions of such appointments.

24. It was also recalled by my representatives that the United Nations, in its capacity as administrator, would be responsible for the security of the fenced area of Varosha and of Nicosia International Airport and that it would present to both sides the specific arrangements which it would propose to put in place to this end. It was also noted that arrangements would have to be worked out to ensure unhindered and secure travel between the southern part of the island and the fenced area of Varosha, without which the package would not be feasible.

25. It is difficult to envisage the restoration of Nicosia International Airport or the reconstruction of the fenced area of Varosha getting under way if the areas concerned are not under United Nations administration. Accordingly, United Nations administration of both would need to commence shortly after agreement is reached on implementing the package and could not realistically be deferred until, for example, the areas have been respectively restored and reconstructed.

26. It will be recalled that the costs of the administration and security of the fenced area of Varosha, as well as those of making Nicosia International Airport operational and of its administration, operation and security, would be borne locally in an agreed manner. Local sources of revenue might include taxation, customs duties on imports at points of entry to the fenced area and at Nicosia International Airport and concession fees at Nicosia International Airport. It is hoped that some international assistance might be made available.

27. As to the second main issue, that related to the schedule for implementing the package, the key questions that have to be resolved by the two leaders are: the date on which the fenced area of Varosha and Nicosia International Airport will be placed under United Nations administration, which will be followed by the reconstruction and restoration of the two areas respectively; the date on which Nicosia International Airport will be reopened for operations; and the date on which phase II of the reopening of the fenced area of Varosha will begin. Both leaders envisage a degree of synchronization in the realization of the various benefits that will flow to each side. The package contains such a wide spread of benefits for each side that there is ample scope for the two

leaders to agree on a schedule for implementing the package that will bring real and tangible benefits to both sides at each stage.

28. With regard to the third main issue, the two leaders will need to reach a common understanding on the arrangement for making the fenced area of Varosha a special area for bicommunal contact and commerce. This objective has been one of the important elements of the package since its inception. It involves in particular the economic opportunities in the fenced area that would be available to Turkish Cypriots. While bearing in mind the resolutions of the Security Council that bear upon this area, it is true to say that the manner in which this aspect of the package is given effect in the implementation stage is important, not only for the success of the package itself, but also for the objective of bringing Greek Cypriots and Turkish Cypriots together again in a bicommunal and bizonal federation. As mentioned in paragraph 21 above, the Chambers of Commerce and Industry of the two communities will assist the United Nations in developing and implementing intercommunal trade for the benefit of both communities and other organizations of the two communities selected by the United Nations will assist it in developing and implementing intercommunal contact.

29. The package provides for foreign airlines that have traffic rights in Cyprus and for airlines registered in Turkey to have traffic rights at Nicosia International Airport. The manner in which this will be done represents the fourth main issue on the agenda of the current proximity talks. The two leaders need to reach a common understanding so that it will be clear which specific airlines will have landing rights at Nicosia International Airport in the future, taking account of existing international practice and the special circumstances that are addressed by this package.

30. The fifth main issue is the safe operation of Nicosia International Airport, which is essentially a technical matter. It relates to the safety of flights, both incoming and outgoing, using Nicosia International Airport and to the need, in this context, for arrangements that will preserve the safety of flights to and from other airports on the island, bearing in mind established international practice.

31. The package provides that Nicosia International Airport would be open for civilian passenger and cargo traffic and access would be free between the airport and both sides. The manner in which this will be done represents the sixth main issue on the agenda of the proximity talks. In this connection, and bearing in mind consideration (a) in paragraph 10 above, arrangements will need to be agreed to enable Turkish Cypriots to travel overseas unhindered, direct from Nicosia. This represents a key benefit of the package for the Turkish Cypriot community, and an agreement for implementing the package is difficult to envisage without there being agreed arrangements in this regard.

32. As to the seventh main issue, the two leaders have again confirmed their agreement in principle to the 12 other confidence-building measures set out in annex I to my report of 1 July 1993 (S/26026). It should be possible to implement these confidence-building measures as soon as formal agreement has been reached on the package. Indeed, several of these confidence-building measures could prove to be helpful in providing significant benefits to the two

sides during the early period after the package has been approved by the two leaders. Such benefits would be additional to those that would result immediately after the formal approval of the Varosha and Nicosia International Airport package, such as the commencement of a flow of foreign visitors from the southern part of the island to the northern part of the island via the fenced area of Varosha.

## IV. OBSERVATIONS

33. It is positive that the leaders of the two communities in Cyprus have accepted in principle the package of confidence-building measures and that they have begun intensive discussions in Nicosia with my representatives on the basis of agreed arrangements to work out the modalities for implementing the package.

34. I have received in recent days a report from my representatives concerning the first four meetings with each leader. The proceedings to date have clarified the positions of the two sides to the point where my representatives can now bring forward, in regard to each of the main issues in the agreed agenda, ideas that ought to enable the two leaders to reach common understandings on the implementation of the package. The considerations set out in the preceding section of the present report should prove helpful to the two leaders in achieving this objective quickly.

35. I must emphasize here that, for the package to achieve its purpose of building confidence between the two communities, the current proximity talks cannot be drawn out. They need to achieve a positive conclusion without delay. I know that I am joined by members of the Security Council when I say that the international community is counting on all concerned to achieve this end.

36. In addition to the important economic gains that each side will receive, I remain convinced that the implementation of this package will transform the atmosphere on the island. The confidence-building measures will open avenues of contact between the two communities that will give to each the opportunity to manifest its good will towards the other and to lay the foundation for the kind of relationship that should exist in a federation. Agreement will represent the most important development on the island in two decades and will open a new and more positive vista for the future. On the other hand, the consequences of failure will certainly be very negative.

37. Given the necessary good will, it ought to be possible for the two leaders to bring the proximity talks to a positive conclusion within a few weeks. The Security Council may therefore consider it appropriate to undertake towards the end of March the thorough review it decided on in resolution 889 (1993). I would accordingly propose to report further to the Security Council later in March.

38. Finally, I wish to place on record my appreciation for the continuing support being extended to these efforts by ICAO in providing valuable expertise in connection with the proposals to reopen Nicosia International Airport.

## Annex I

### Letter of 17 December 1993 from the Secretary-General addressed to the leaders of the two communities in Cyprus, to the Prime Ministers of Greece and Turkey and to the President of the Security Council

I am pleased to send you herewith the full reports of the team of experts which I sent to Cyprus to assess the economic benefits of the Varosha and Nicosia International Airport package of confidence-building measures and of the team of experts to identify the technical requirements for reopening the airport.

The report of the team of experts on the economic benefits of the Varosha and Nicosia International Airport package concludes that the "implementation of the package would yield significant benefits for both communities". The team goes on to state that "the benefits would be relatively greater for the Turkish Cypriot side because of the relative size of its economy and their impact in alleviating the serious obstacles currently confronting the Turkish Cypriot economy".

The report of the team of experts on the rehabilitation of Nicosia International Airport confirms the feasibility of reopening the airport in accordance with ICAO Technical and Operational Standards at a relatively modest cost of about US$ 36 million and that the rehabilitation could be completed within 18 months of a decision to proceed.

In my report to the Council of 22 November 1993 (S/26777), I stated that, following the 12 December 1993 elections in the Turkish Cypriot community, I would resume intensive contacts with all concerned with a view to achieving an early agreement on the Varosha and Nicosia International Airport package. I said that the Government of Turkey's declared support of the package and its assurances of speedy developments after the elections were expected tc bring positive results. My expectations for an early agreement have been further strengthened by the reports of the teams of experts which have clearly confirmed the important benefits of the package for both communities as well as the feasibility of its implementation. In resolution 889 (1993), the Council reaffirmed its expectation that rapid progress will be made in achieving an agreement.

It should therefore be possible for the leaders of both communities now to accept in principle the package of confidence-building measures as set out in paragraphs 37, 38, 42 and 43 of my report of 1 July 1993 (S/26026) on the understanding that its provisions will be fully implemented. Matters related to the modalities for ensuring the effective implementation of the package could be considered in meetings in Nicosia of the two leaders with my Special Representative and Deputy Special Representative. In resolution 889 (1993), the Council also requested me to submit a report by the end of February 1994 on the outcome of my efforts in preparation for its thorough review of the situation in Cyprus.

I have requested my Special Representative to visit Ankara, Athens and Nicosia in mid-January to enlist the urgent support of all concerned for this initiative, in accordance with the expectations of the international community.

## Annex II

## Arrangements for working out the modalities for implementing the package of confidence-building measures dated 15 February 1994

1. To ensure the prompt and effective implementation of the package of confidence-building measures on Varosha and Nicosia International Airport as set out in paragraphs 37, 38, 42 and 43 of, and the other confidence-building measures set out in annex I to, the Secretary-General's report of 1 July 1993 (S/26026) and in line with the Secretary-General's letter of 3 February 1994, the leaders of the two communities in Cyprus agree to enter into intensive discussions with the representatives of the Secretary-General beginning on 17 February 1994 in order to reach a common understanding of the implementation of the following key issues:

(a) United Nations administration of Nicosia International Airport and of the fenced area of Varosha, including unhindered and secure travel to and from the fenced area;

(b) The schedule for the transfer of the fenced area of Varosha to United Nations administration as well as for the reopening of the fenced area of Varosha, including the reclaiming of possession of property by its owners, and schedule for the reopening of Nicosia International Airport under United Nations administration;

(c) Arrangements for making the fenced area of Varosha a special area for bicommunal contact and commerce;

(d) Traffic rights of airlines at Nicosia International Airport;

(e) The safe operation of Nicosia International Airport;

(f) The free movement of people and goods through Nicosia International Airport;

(g) Arrangements for the implementation of the confidence-building measures set out in annex I to the Secretary-General's report of 1 July 1993 (S/26026).

2. After having heard the views of the two sides on the above issues, the representatives of the Secretary-General will prepare a note on each issue as a basis for discussion with the two leaders. Other matters related to the implementation of the Varosha and Nicosia International Airport package will be worked out by the United Nations, in exercise of the function of administrator provided for in the package, with the advice and assistance of the two sides.

3. The two leaders agree that they will faithfully respect the following considerations:

(a) Given the purpose of confidence-building measures, neither side will seek any political advantage or require the other side to make political concessions;

(b) The content of the fenced area of Varosha and Nicosia International Airport package as set out in paragraphs 37, 38, 42 and 43 of document S/26026 will be faithfully adhered to;

(c) When formal agreement is reached on the implementation of the package, it will be implemented fully and promptly and no impediments will be placed in its way by either side;

(d) The purpose of the package of confidence-building measures is to facilitate speedy progress on an overall settlement of the Cyprus problem, and the package is not a substitute for that objective.

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